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16 August 1955

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MEMORANDUM FOR: Resident Manager, [redacted]

SUBJECT: Estimates and Budget Allotments, FY 1956 Operations and Maintenance Costs

REFERENCE: Your Memorandum, undated, to Administrative Officer, SA/PC/DCI, with enclosures

1. Your estimates of monthly expenditures have been given careful study by all of us here, and I think you will want to know the sense of our reaction to them. In the first place, I think it fair to tell you that commitments presently made against FY 1956 O & M funds, plus the coat estimates which you have sent in, total an amount in excess of that budgeted for the test site for the entire fiscal year 1956.

2. It therefore seems to me a matter of considerable urgency that the O & M estimates for FY 1956 be re-evaluated by you and [redacted] in detail, omitting all non-essential items and reducing operating costs wherever possible to meet budget limitations.

3. The following major cost items are those which we consider critical, and which require a thoroughly detailed review looking toward downward revision. Quite naturally, we would profit from your comments on these items:

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b. Construction of Facilities: Here you estimated [redacted]. All of these items should be omitted at this time if at all possible. I still feel it unwise to completely remake the huts for [redacted] personnel, at least to the tune of [redacted] feeling that we may have a partial solution in greater use of the trailer space. The basic project at [redacted] consisting of barracks and trailers, contemplated adequate housing for peak personnel and should be used, providing that

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25X1A the hutsments cannot be made habitable for winter with the minimum repairs outlined in cable traffic between us in recent days. [] will discuss with you the matter of housing for the outdoor generators; rather than cover the entire installation, I feel that we should protect only those parts where weather is a factor in their continued operation; e.g., the generator switch gear.

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c. Automotive and Miscellaneous Equipment: You estimate this item at [] per month. The excessive rental and operating costs require that the quantity of motor vehicle equipment be reduced to that required for essential usage only. This is a matter that [] will take up with you, but I wonder if you have explored the possibility of a motor pool operation, where vehicular requirements could be met on an "as needed" basis, rather than having cars assigned out to various people and subcontractors. Obviously, the contractors would prefer the former method, but with [] making a charge for the operation of each vehicle, and that charge being appreciable, I think it would be well for you to explore the motor pool idea. I also note that [] uses some of these vehicles at direct charge to the project, whereas such charges appear to be more reasonably allocated through the established General Administrative Expense pool. Unless some expense is allocated through G & A, then the entire contractor's overhead fixed percentage accrues to the contractor's profit. This practice should be examined, possibly with [] together, and the results reported to Jim Cunningham.

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d. Materiel Costs: This [] per month item includes "maintenance materiel" and "miscellaneous materiel" to the amount of [] per month. I think that this figure might well be substantially reduced, particularly since the facilities being maintained are new and should require minimum maintenance only. No additional facilities beyond the basic scope of the project should be provided. Electrical and mechanical items subject to failure and emergency repair or replacement are, of course, an exception.

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e. Road Maintenance: This [] per month item contains a contingent amount of [] Periodic road maintenance, consisting of occasional blading, patching and sprinkling should be adequate in view of the reduced traffic after construction operations. These should be accomplished at a reduced figure. We are not sure if this [] per month figure included costs of runway and taxiway maintenance (compacting, rolling, seal coat and wearing surface).

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4. The memorandum submitted to you, dated 18 July, contains certain items to be considered in the maintenance program. Cost estimates for these items should be included in the overall revised estimates which you will send in. I fully realize the difficulty of bringing many of these estimates down to a realistic basis, what with the constant demands of contractors and the general air of confusion attendant upon the commencement of operations at [redacted] that you have given us in the way of cost estimates thus far forms a good basis from which we can both work toward an equitable solution.

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RICHARD M. BISSELL, JR.
Special Assistant to the Director
for Planning and Coordination

PCS/DCI/JAC:bm

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